

Chapter 4

4.1 Internal Control

Internal Control and monitoring are essential components of management activity. Internal controls must be properly designed and implemented to be useful in achieving the organisation's strategic, operating, compliance and reporting objectives. Further, monitoring internal controls is essential to ensure that controls are operating efficiently. Monitoring involves the use of evaluations to identify issues and communicate these issues to the appropriate parties for corrective action to be taken. The irregularities, deficiencies and non-compliances discussed in Chapter 2 and Chapter 3 are the indicators of inadequate internal control mechanism. The internal audit which is integral part of internal control mechanism was also found deficient. The deficiencies noticed in the internal control mechanism with regard to operational and regulatory functions are detailed below:

- Persistent savings in budget over the years with 48 *per cent* savings on items required for operations of buses was observed. The grant received for specific purposes under JNNURM was not utilised and diverted for other purposes. The proforma accounts of Roadways were in arrears since 2015-16. These were the indicators of poor financial management.
- There was inadequate planning and indecisiveness in finalising the tenders for purchase of new buses required to keep adequate bus fleet on road.
- Declining share of roadways in public transport, ageing fleet, declining vehicle productivity, load factor, non-operation of scheduled kilometers, decrease in effective kilometer and non-achievement of targets indicated of weak operational controls. Inadequate control over consumption of fuel above norms and declining fuel efficiency also pointed towards weak control mechanism.
- Abnormal delay in lifting of buses after fabrication of body, premature condemnation of buses and detention of buses for longer period in workshops showed weak monitoring by the department.
- Excess deployment of drivers and conductors beyond required staff strength on one hand and shortage of more than 50 *per cent* in technical staff required for smooth operations, points out to deficient manpower management.
- Department could not realise due amount of Motor Vehicles Tax from various types of commercial vehicles. This indicates weak regulatory controls and monitoring.

- Cases of non-recovery of trade fee from dealers/manufactures of vehicles, license fee from vehicles driving training school and non- issue of registration certificate of vehicles, indicates weak regulatory control.
- Short deposit of Government revenue and cancellation of cash receipts without approval of competent authority exposed the department to risk of misappropriation.
- Non-renewal of fitness certificate of vehicles and cases of violation of provisions of CMVR 1989 by pollution control centre (PCCs) indicates that norms were not adopted by the department.
- There was shortfall of 39 per cent in conducting internal audit against the planned units.

The irregularities discussed in Chapter 2 and Chapter 3 shows that there is a significant scope for improvement in internal control mechanism.